

Message Text

UNCLASSIFIED

PAGE 01 TEL AV 03422 160809Z

ACTION EB-07

INFO OCT-01 NEA-10 ISO-00 FEA-01 AGRE-00 CEA-01
CIAE-00 COME-00 DODE-00 FRB-01 H-02 INR-07 INT-05
L-03 LAB-04 NSAE-00 NSC-05 PA-02 EPG-02 AID-05
SS-15 STR-04 ITC-01 TRSE-00 USIA-15 PRS-01 SP-02
OMB-01 /095 W

-----160943Z 015091 /10

R 160723Z MAY 77

FM AMEMBASSY TEL AVIV

TO SECSTATE WASHDC 6157

UNCLAS TEL AVIV 3422

E.O. 11652: N/A

TAGS: ETRD, IS

SUBJECT: GSP - FIRST YEAR REVIEW

REF: (A) STATE 67507 (B) TEL AVIV 2613

1. SUMMARY: TAKING FULL ADVANTAGE OF NEW GSP PROGRAM, ISRAEL'S GSP EXPORTS SHOWED MUCH LARGER INCREASE THAN DID OVERALL EXPORTS TO U.S. IN 1976. INCREASE IN ISRAEL'S GSP EXPORTS TO U.S., IN FACT, ACCOUNTED FOR ALMOST 19 PERCENT OF TOTAL GSP INCREASE FOR ALL BENEFICIARY COUNTRIES. BULK OF INCREASE WAS ACCOUNTED FOR BY EXPORTS OF HANDFUL OF ITEMS PRODUCED MOSTLY BY LARGE AND ALREADY WELL-ESTABLISHED LOCAL FIRMS. END SUMMARY

2. EMBASSY HAS REVIEWED DETAILED TRADE STATISTICS CITED IN REFTEL A, USING TOTALS WHICH ENTERED US DUTY-FREE UNDER GSP. ISRAELI EXPORTS RECEIVING GSP TREATMENT IN 1976 TOTALLED \$116.2 MILLION, AN INCREASE OF \$41.8 MILLION OVER TOTAL 1975 IMPORTS OF THESE ITEMS.

3. THIS INCREASE OF 56 PERCENT IN GSP ITEMS EXCEEDED THE OVERALL INCREASE IN ISRAELI EXPORTS TO THE US. ACCORD-
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 TEL AV 03422 160809Z

ING TO GOI STATISTICS, OVERALL EXPORTS TO THE US IN 1976 INCREASED BY 42 PER CENT. HOWEVER, IF EXPORTS OF INDUSTRIAL DIAMONDS AND AGRICULTURAL GOODS (NOT SUBJECT TO GSP TREATMENT) ARE SUBTRACTED, ISRAELI EXPORTS TO U.S. WENT UP BY ONLY 39.5 PER CENT, WHICH MAKES THE GSP PERFORMANCE EVEN MORE IMPRESSIVE. MOREOVER, OFFICIAL IMPORT FIGURES PROBABLY UNDERESTIMATE BENEFIT OF GSP SINCE IN

ISRAEL THERE ARE NUMEROUS US TOURISTS WHO MAY PURCHASE GSP ITEMS (JEWELRY, ETC.) UP TO VALUE OF \$250 (WITHOUT GETTING CERTIFICATES OF ORIGIN). THESE PURCHASES PROBABLY ADDED CONSIDERABLY TO EXPORT SALES OF USUAL TOURIST PURCHASE ITEMS.

4. THE INCREASE IN GSP IMPORTS OF \$41.8 MILLION WAS ALMOST COMPLETELY ACCOUNTED FOR BY THE FOLLOWING SIX ITEMS (IN \$ MILLION):

AIRCRAFT - 14.7

CYANURIC CHLORIDE, MALAMIE - 10.1

TIES - 7.8

JEWELRY OF PRECIOUS METAL - 3.1

PESTICIDE DERIVED FROM BENEZENE - 2.7

ELECTRIC APPARATUS AND PARTS - 1.9

EXCEPT FOR JEWELRY, THE OTHER ITEMS ARE PRODUCED BY LARGE, WELL-ESTABLISHED FIRMS WHICH ALREADY HAD A FOOTHOLD IN US MARKET. IT WOULD APPEAR, THEREFORE, THAT GSP IN ISRAEL DID NOT ASSIST SMALL FIRMS OR NEW FIRMS IN ENTERING US MARKET. THIS, OF COURSE, IS A SIMPLIFICATION BECAUSE THERE WERE NEW PRODUCTS WHICH BEGAN TO BE IMPORTED INTO US FROM ISRAEL WHICH RECEIVED GSP TREATMENT AS WELL AS OTHER ITEMS WHICH SHOWED DECREASES DURING 1976 DESPITE RECEIVING GSP TREATMENT. MOST OF THE INCREASE WAS ACCOUNTED FOR BY LARGE COMPANIES, EITHER GOVERNMENT-OWNED (SUCH AS ISRAEL AIRCRAFT INDUSTRIES IN AIRCRAFT), OR FOREIGN-OWNED (ALLIANCE TIRE COMPANY). THE LATTER PROBABLY BENEFITTED FROM THE STRIKE OF TIRE

UNCLASSIFIED

UNCLASSIFIED

PAGE 03 TEL AV 03422 160809Z

PRODUCERS IN THE US.
DUNNIGAN

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: EXPORTS, GENERALIZED PREFERENCES (TARIFFS), ANNUAL REPORTS
Control Number: n/a
Copy: SINGLE
Sent Date: 16-May-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977TELAV03422
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770173-0046
Format: TEL
From: TEL AVIV
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770551/aaaabsgi.tel
Line Count: 100
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 2843be92-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 77 STATE 67507, 77 TEL AVIV 2613
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 21-Jan-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2499595
Secure: OPEN
Status: NATIVE
Subject: GSP - FIRST YEAR REVIEW
TAGS: ETRD, IS
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/2843be92-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009